

APPROPRIATIONS - FINANCE & CLAIMS

SUB-COMMITTEE: HUMAN SERVICES

JANUARY 19, 1979 - CAPITOL ANNEX

The meeting was called to order at 8:05 a.m. by Chairman, Steve Waldron with the following members present:

Chairman Steve Waldron
Senator Gary Aklestad
Representative Bill Hand
Representative Robert Marks
Senator Pat Regan
Senator Pete Story

Others present were: See Attached sheet.

Social Rehabilitation Services (SRS) Supplemental Budget

Chairman Waldron expressed several areas of concern within this service including Medicaid cost containments, speculative buying of nursing homes and high cost governmental nursing homes. Chairman Waldron then turned the meeting over to Senator Story as he had another meeting to attend.

Curt Nichols, Fiscal Analyst, addressed the subcommittee on the SRS Supplemental Budget. At this time it is not known exactly how much they will need for their supplemental budget. They have requested at this time 8.1 million dollars, however the agency is still in the process of estimating the budget. With the 8.1 million dollar figure the total budget would be around 20 million dollars as the federal government matches at a rate of 60-40. This match rate is figured on per capita income and it will change to 65-35 this year.

The Fiscal Analyst explained exactly what Medicaid is. Medicaid is the payment by the state of medical services to persons on various assistance programs including Aid to Families with Dependent Children, Blind and Disabled and Medically Needy. About 43% of the costs is for aged people, 37% for the Blind and Disabled and about 20% for the Aid to Families with Dependent Children. There is about 30,000 people eligible for the program in Montana in any one month and over a year about 40,000 people will receive services from Medicaid. Medicaid does provide a total range of services. Twenty percent of funds goes for inpatient hospital care, 54% for nursing home care, 11% for physicians, 5% for drugs, 3% for dental care and the rest is for a variety of things including eye doctors, psychiatrists and family planning.

Keith Colbo, Director of SRS, told the subcommittee that the agency could probably get by the biennium on the proposed 8.1

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million dollars, but they were not comfortable with it. The agency is still bringing in data and refining what they have. If the funds were denied, the program would have to be cut. There are two factors effecting the estimate. 1. The agency is in the process of changing their estimate technique. This change has just been undertaken by the new financial manager. The new technique should be more accurate in its predictions. 2. The agency is in the process of changing the nursing home structure. To change the structure the old system must be completely closed. To close the old system monies are needed to pay the adjusted audits. Nursing homes are paid on an estimate or interim rate. At the end of the year the homes are audited and the service makes up the difference between the estimated rate and the actual rate. The audits are sometimes up to two years behind, so they have a lag on payments.

Senator Ed Smith spoke on the problems of SRS saying it stems from as far back as 1975. The problem seems to be a lack of data for the subcommittee to use in determining the budget.

Mr. Gary Blewett, Financial Manager of SRS, briefly explained the reason for the change in estimations. He has recently taken over the program and has been in the process of reorganizing. One reason audits have been behind is the fact that the auditors have been doing research to find a better way to pay the nursing homes. Their research is now done and they are doing blocks of audits. He also added that 53% of the funds go to the nursing homes.

Senator Story turned the meeting over to Senator Regan as Senator Story had a meeting to attend.

Mr. Blewett also explained that there are 90 nursing homes under SRS and audit of all homes takes about 24 months. The nursing homes are paid on a monthly basis at a rate negotiated previously. Although they are aware of the cash flow this does not enter into the monthly payments.

Senator Regan questioned Mr. Blewett on Title XX monies. The Fiscal Analyst explained that the 1.4 million dollars coming in for 1979 can be placed directly in the general fund or the subcommittee could ask the department to apply the monies to the supplemental.

Mr. Ben Broderick, Park Place Nursing Home in Great Falls, gave testimony in support of the supplemental. He explained to the subcommittee some of the reasons for rising costs in nursing homes which included a doubling of wages, the increase of population due to lower death rates and a rise in patients who need more extensive medical treatment.

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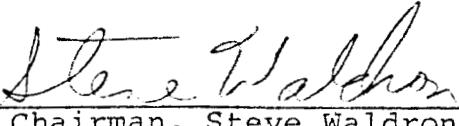
Chairman Steve Waldron took the meeting over from Senator Regan.

Dr. Frank Seitz, Montana Psychological Association, addressed the subcommittee on the Medicaid proposal that all mental health care be directed through the Mental Health Centers and avoid the private practitioner. He opposes this for the following reasons. This would produce a reduction in efficiency and economy. At this time 40% of the Mental Health Center budget goes for administration. Only 30-40% is going to direct patient care. In contrast the private practitioner is able to devote a much higher percent of time to patient care and in fact only gets paid for patient care. This proposal would also restrict patients accessibility to care. Some counties do not participate in Mental Health Centers. He also questioned the quality of service in the Mental Health Centers. Senator Regan agreed with Dr. Seitz. The decision should be up to the patient if he wants a private doctor or the Mental Health Center. Chairman Waldron advised the subcommittee that the proposal is not going to be implemented.

Frank J. Davis, Executive Director of the Montana State Pharmaceutical Association, testified in favor of the supplemental appropriation. If the program is not funded the County Welfare Departments will take the burden. He also added that every effort should be made to prevent abuse within these programs. Abuse of prescriptions and drugs by Medicaid people was discussed.

The meeting was adjourned at 9:40 a.m.

Respectfully submitted:



Chairman, Steve Waldron
Approved

HSP: bes

VISITORS' REGISTER

HOUSE HUMAN SERVICES SUB COMMITTEE

BILL

Date

SPONSOR

NAME	RESIDENCE	REPRESENTING	SUPPORT	OFFC
JANUARY 19, 1979				
Bob Bostwick	St. Francis	Mont. Nursing Home Assn		
David C. Wrenn	Helena	OBPP		
Brent Flavin	C. I. Hall	Mont. State - Homeless Assn		
Brian Drake	Helena	Nursing Home Assn		
Keith & City	Helena	S.R.S.		
Bruce Johnson	Helena	S.R.S.		
Yvonne Johnson	Helena	OBPP		
Ron Kress	"	OBPP		
Ed Smith	Senate			
Janice Ross	Helena	See Newspapers		
Tom Kotynski	"	St. Falls Tribune		
Tom McAllister	Helena	Mont. Coalition of the Sen.		
John Thompson	City	St. Falls Tribune		
Bill English	City	" " "		
John T. Tamm	Helena	St. Falls Tribune		
John Kers	Helena	Mont. Justice		
Bill Hanson	"	URD		
Frank C. D. F.	Bozeman	Mont. Psychological Association		
Mark Mazer	Helena	" " "		
Jefferson Fismanick	Helena	OBPP		
Ken Rothjans	Helena	Self		
Jim Fompeck	HELENS	PARKERIE MURK		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.